

21 July 2023

Dear Shareholder,

**SOVEREIGN METALS LIMITED – NOTICE OF GENERAL MEETING**

Sovereign Metals Limited (ASX: SVM, AIM: SVML) (the **Company**) advises that a General Meeting (**Meeting**) will be held on Wednesday, 23 August 2023 at 10:00am (AWST) at the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000.

In accordance with 110D of the *Corporations Act 2001* (Cth), the Company will not be dispatching physical copies of the Notice of Meeting (unless a shareholder has elected to receive documents in hard copy in accordance with the timeframe specified in section 110E(8) of the *Corporations Act 2001* (Cth)).

A copy of the Notice of Meeting can be viewed and downloaded online as follows:

- the Company's website: <http://sovereignmetals.com.au/announcements/>.
- the Company's ASX Market announcements page at [www.asx.com.au](http://www.asx.com.au) under the Company's ASX code "SVM"; or
- if you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting.

A copy of your Proxy Form is enclosed for convenience.

The Company intends to hold a physical meeting. The Company will notify shareholders of any changes to this by way of an announcement on ASX and AIM and the details will also be made available on our website.

The Notice of Meeting is important and should be read in their entirety. If you are in doubt as to the course of action you should follow, you should consult your stock broker, investment advisor, accountant, solicitor or other professional adviser.

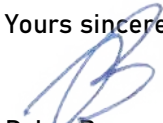
You may also, prior to the Meeting, obtain a paper copy of the Notice of Meeting (free of charge) by contacting the Company Secretary on +61 8 9322 6322 or by sending an email to [info@sovereignmetals.com.au](mailto:info@sovereignmetals.com.au).

Holders of Depositary Interests should complete and sign a Form of Instruction, which will be sent separately to each Holder of Depositary Interests, and return it by the time and in accordance with the instructions set out in the Form of Instruction. Holders of Depositary Interests will not be eligible to vote in person at the Meeting.

***How do I update my communications preferences?***

Shareholders can still elect to receive some or all of their communications in physical or electronic form or elect not to receive certain documents such as annual reports. To review your communications preferences, or sign up to receive your shareholder communications via email, please update your communication preferences with Computershare at <https://www-au.computershare.com/Investor/#Home>.

Yours sincerely,



Dylan Browne  
Company Secretary  
**Sovereign Metals Limited**



ACN 120 833 427

---

## **NOTICE OF GENERAL MEETING**

**A general meeting of Sovereign Metals Limited will be held at the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000, Perth WA on Wednesday, 23 August 2023 at 10:00am (AWST).**

---

*This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stock broker, investment advisor, accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9322 6322.***

**Shareholders are urged to attend or vote by lodging the Proxy Form attached to the Notice.**

---

## SOVEREIGN METALS LIMITED

ACN 120 833 427

---

### NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Sovereign Metals Limited (**Sovereign or Company**) will be held at **the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000**, Perth WA on Wednesday, 23 August 2023 at 10:00am (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 21 August 2023 at 5:00pm (AWST).

The Company advises that a poll will be conducted for the Resolutions.

Terms and abbreviations used in this Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Schedule 1.

### AGENDA

---

#### 1. **Resolution 1 – Ratify Tranche 1 Placement Shares and Options issued under Listing Rule 7.1**

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 36,081,655 Shares and 34,549,598 Options issued under Listing Rule 7.1 to Rio Tinto Mining and Exploration Limited pursuant to the Tranche 1 Placement on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Rio Tinto Mining and Exploration Limited or their associate.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way;
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on this Resolution; and

- (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## 2. Resolution 2 – Ratify Tranche 1 Placement Shares issued under Listing Rule 7.1A

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 47,013,937 Shares under Listing Rule 7.1A to Rio Tinto Mining and Exploration Limited pursuant to the Tranche 1 Placement on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Rio Tinto Mining and Exploration Limited or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way;
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## 3. Resolution 3 – Issue of Advisory Shares

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

*"That, subject to Resolution 4 being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 2,492,868 Shares to SCP Resource Finance L.P. pursuant to an engagement letter on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of SCP Resource Finance L.P. and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way;
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

#### **4. Resolution 4 – Issue of Tranche 2 Placement Shares**

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

*“That, subject to Resolution 3 being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 439,918 Shares to Rio Tinto Mining and Exploration Limited pursuant to the Tranche 2 Placement on the terms and conditions in the Explanatory Memorandum.”*

##### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Rio Tinto Mining and Exploration Limited (and/or its nominee(s)) and any other person who will obtain a material benefit as a result of, the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way;
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**BY ORDER OF THE BOARD**



Dylan Browne  
**Company Secretary**

Dated: 21 July 2023

---

## SOVEREIGN METALS LIMITED

ACN 120 833 427

---

### EXPLANATORY MEMORANDUM

---

#### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000, Perth WA on Wednesday, 23 August 2023 at 10:00am (AWST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Background
Section 4:	Resolution 1 – Ratify Tranche 1 Placement Shares and Tranche 1 Placement Options issued under Listing Rule 7.1
Section 5:	Resolution 2 – Ratify Tranche 1 Placement Shares issued under Listing Rule 7.1A
Section 6:	Resolution 3 – Issue of Advisory Shares
Section 7:	Resolution 4 – Issue of Tranche 2 Placement Shares
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of Tranche 1 Placement Options

A Proxy Form is attached to the Notice.

---

#### 2. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

The Company advises that a poll will be conducted for the Resolutions.

##### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to participate in the Meeting (see details below) or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting (subject to the voting exclusions detailed in the Notice).

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

- (a) post to:
- Sovereign Metals Limited  
Level 9, 28 The Esplanade  
PERTH WA 6000  
or  
PO Box Z5083  
PERTH WA 6831
- (b) by email to:  
[voting@sovereignmetals.com.au](mailto:voting@sovereignmetals.com.au)
- (c) fax to:  
In Australia: (08) 9322 6558  
From outside of Australia: +61 8 9322 6558

so that it is received not later than 10:00am (AWST) on 21 August 2023, being at least 48 hours before the Meeting. Proxy Forms received later than this time will be invalid.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## 2.2 Attendance at the Meeting

Shareholders may vote by directed proxy rather than attend the Meeting in person (refer to Section 2.1 for further information).

If it becomes necessary or appropriate to make alternative arrangements to those detailed in this Notice, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at <https://sovereignmetals.com.au/>.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9322 6322.

## 2.3 Form of Instruction

Holders of Depositary Interests should complete and sign the enclosed Form of Instruction and return it by the time and in accordance with the instructions set out in the Form of Instruction. Holders of Depositary Interests will not be eligible to vote in person at the Meeting.

---

## 3. Background

### 3.1 Background to Placement

On 17 July 2023, the Company announced that Rio Tinto Mining and Exploration Limited (RTME) had agreed to make an investment of \$40.4 million in the Company through the issue of 83,095,592 Shares at an issue price of \$0.486 per Share and 34,549,598 Options to RTME pursuant to the Subscription Agreement (Placement). The Placement comprises:



- (a) the issue of 83,095,592 Shares to raise \$40.4 million (before costs), together with 34,549,598 Options with an exercise price of \$0.535 per Option, exercisable within 12 months of issue, to raise up to an additional \$18.5 million (before costs) if exercised (**Tranche 1 Placement**); and
- (b) subject to Shareholder approval, the issue of 439,918 Shares intended to be subscribed for by RTME to raise \$0.2 million (before costs) (**Tranche 2 Placement**).

The Shares and Options under the Tranche 1 Placement were issued to RTME on 21 July 2023. 36,081,655 Shares and 34,549,598 Options under the Tranche 1 Placement were issued to RTME pursuant to the Company's existing placement capacity under Listing Rule 7.1, with 47,013,937 Shares being issued pursuant to Listing Rule 7.1A.

Resolution 1 seeks Shareholder approval to ratify the issue of the 36,081,655 Shares and 34,549,598 Options that were issued under Listing Rule 7.1 pursuant to the Tranche 1 Placement and Resolution 2 seeks Shareholder approval to ratify the issue of the 47,013,937 Shares that were issued under Listing Rule 7.1A pursuant to the Tranche 1 Placement.

Resolution 4 seeks Shareholder approval for the issue of the 439,918 Shares pursuant to the Tranche 2 Placement.

Proceeds raised from the Placement will primarily be used to fund completion of the Company's definitive feasibility study for its Kasiya Project in Malawi (**Kasiya DFS**), as well as product qualification and other expenditures agreed with RTME such as permitting costs.

Please refer to the Company's ASX announcement dated 17 July 2023 for further details regarding the Placement and other related matters.

The material terms of the Subscription Agreement are summarised below:

- (a) On 16 July 2023, Sovereign entered into the Subscription Agreement with RTME. On the same date, the Company and RTME entered into a separate investment agreement which governs the responsibilities of the parties with respect to the Kasiya DFS and more generally.
- (b) Completion of the Tranche 2 Placement is subject to the satisfaction or waiver of a number of conditions precedent, including Shareholders approving the issue of the Tranche 2 Placement Shares and the Advisory Shares.

The conditions precedent must be satisfied on or before the completion of the Tranche 2 Placement and may only be waived by written agreement between the parties.

- (c) The Subscription Agreement may be terminated with respect to the parties' obligations in relation to the completion of the Tranche 2 Placement, at any time prior to the completion of the Tranche 2 Placement by notice in writing to the other party if the other party materially breaches its obligations in relation to the Tranche 2 Placement, including any breach of a warranty.
- (d) The Subscription Agreement contains other terms and conditions typical for an agreement of this nature including representations and warranties provided by Sovereign and RTME considered standard for agreements of this nature.

---

#### **4. Resolution 1 – Ratify Tranche 1 Placement Shares and Options issued under Listing Rule 7.1**

##### **4.1 Background**

On 17 July 2023, the Company announced that it had entered into an agreement to issue 83,095,592 Shares at an issue price of \$0.486 per Share (**Tranche 1 Placement Shares**) together with 34,549,598 Options (**Tranche 1 Placement Options**) to RTME pursuant to the Tranche 1 Placement. The Tranche 1 Placement Options have an exercise price of \$0.535

per Option, exercisable within 12 months of issue. The Shares and Options under the Tranche 1 Placement were issued to RTME on 21 July 2023.

Refer to Section 3.1 for further details on the Placement.

36,081,655 Tranche 1 Placement Shares and 34,549,598 Tranche 1 Placement Options were issued pursuant to the Company's placement capacity under Listing Rule 7.1.

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.4 to ratify the issue of the 36,081,655 Tranche 1 Placement Shares and 34,549,598 Tranche 1 Placement Options issued pursuant to the Company's placement capacity under Listing Rule 7.1.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 1.

#### **4.2 Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period (**15% Placement Capacity**).

Listing Rule 7.4 provides that if the Company in general meeting ratifies the previous issue of Equity Securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those Equity Securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future up to the 15% Placement Capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 1 is passed, the issue of the 36,081,655 Tranche 1 Placement Shares and 34,549,598 Tranche 1 Placement Options will be excluded in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following 21 July 2023.

If Resolution 1 is not passed, the 36,081,655 Tranche 1 Placement Shares and 34,549,598 Tranche 1 Placement Options will be included in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following 21 July 2023.

#### **4.3 Specific information required by Listing Rule 7.5**

The following information must be provided to Shareholders for the purposes of obtaining Shareholder approval:

- (a) The 36,081,655 Tranche 1 Placement Shares and 34,549,598 Tranche 1 Placement Options were issued to RTME (who is not a related party of the Company).
- (b) The 36,081,655 Tranche 1 Placement Shares and 34,549,598 Tranche 1 Placement Options were issued pursuant to Listing Rule 7.1, ratification of which is sought pursuant to Resolution 1.
- (c) The Tranche 1 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Tranche 1 Placement Options were issued on the terms and conditions in Schedule 2.

- (e) The 36,081,655 Tranche 1 Placement Shares were issued at an issue price of \$0.486 per Share, raising approximately \$17.5 million. The Tranche 1 Placement Options were issued for nil consideration and have an exercise price of \$0.535 per option and will raise approximately \$18.5 million if exercised in full.
- (f) The Tranche 1 Placement Shares and Tranche 1 Placement Options were issued on 21 July 2023.
- (g) Funds raised from the issue of the Tranche 1 Placement Shares and the Shares to be issued on exercise of the Tranche 1 Placement Options will be used as detailed in Section 3.1.
- (h) The Tranche 1 Placement Shares and Tranche 1 Placement Options were issued pursuant to the Subscription Agreement. A summary of the Subscription Agreement is detailed in Section 3.1.
- (i) A voting exclusion statement is included in the Notice for Resolution 1.

#### **4.4 Directors' recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 1.

---

## **5. Resolution 2 – Ratify Tranche 1 Placement Shares issued under Listing Rule 7.1A**

### **5.1 Background**

As detailed in Section 4.1, the Company has issued 83,095,592 Tranche 1 Placement Shares at an issue price of \$0.486 per Share to RTME pursuant to the Tranche 1 Placement.

Refer to Section 3.1 for further details on the Placement.

47,013,937 Tranche 1 Placement Shares were issued pursuant to the Company's placement capacity under Listing Rule 7.1A.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.4 to ratify the issue of the 47,013,937 Tranche 1 Placement Shares issued pursuant to the Company's placement capacity under Listing Rule 7.1A.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 2.

### **5.2 Listing Rule 7.1A**

In addition to its 15% Placement Capacity, the Company has obtained Shareholder approval pursuant to Listing Rule 7.1A at its 2022 annual general meeting to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Company's 2022 annual general meeting, without needing prior Shareholder approval (**10% Placement Capacity**).

Listing Rule 7.4 provides that if the Company in general meeting ratifies the previous issue of Equity Securities made pursuant to Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rule 7.1A) those Equity Securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1A.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future up to the 10% Placement Capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

If Resolution 2 is passed, the 47,013,937 Tranche 1 Placement Shares will be excluded in calculating the Company's 10% Placement Capacity in Listing Rule 7.1A, effectively

increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following shareholder approval of the Company's 10% Placement Capacity on 18 November 2022.

If Resolution 2 is not passed, the 47,013,937 Tranche 1 Placement Shares will be included in calculating the Company's 10% Placement Capacity in Listing Rule 7.1A, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following shareholder approval of the Company's 10% Placement Capacity on 18 November 2022.

### 5.3 Specific information required by Listing Rule 7.5

The following information must be provided to Shareholders for the purposes of obtaining Shareholder approval:

- (a) The 47,013,937 Tranche 1 Placement Shares were issued to RTME (who is not a related party of the Company).
- (b) 47,013,937 Tranche 1 Placement Shares were issued pursuant to Listing Rule 7.1A (ratification of which is sought pursuant to Resolution 2).
- (c) The Tranche 1 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The 47,013,937 Tranche 1 Placement Shares were issued at an issue price of \$0.486 per Share, raising approximately \$22.8 million.
- (e) The Tranche 1 Placement Shares were issued on 21 July 2023.
- (f) Funds raised from the issue of the Tranche 1 Placement Shares will be used as detailed in Section 3.1.
- (g) The Tranche 1 Placement Shares were issued pursuant to the Subscription Agreement. A summary of the Subscription Agreement is detailed in Section 3.1.
- (h) A voting exclusion statement is included in the Notice for Resolution 2.

### 5.4 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2.

---

## 6. Resolution 3 – Issue of Advisory Shares

### 6.1 General

Resolution 3 seeks Shareholder approval pursuant to and in accordance with Listing Rule 7.1 (and for all other purposes) to issue 2,492,868 Advisory Shares to SCP Resource Finance L.P. (**SCP**) (**Advisory Shares**) in connection with services provided to the Company under an engagement letter.

Under the terms of the Letter, the Company agreed to pay SCP a fee equal to 3% of the proceeds received from RTME. The fee is payable in cash or, subject to Shareholder approval, in Shares. The Advisory Shares are proposed to be issued to SCP for the fees payable following the issue of the Tranche 1 and 2 Placement Shares to RTME. If Resolution 3 is not approved by Shareholders, the Company will be required to pay \$1,211,534 in cash to SCP.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of Resolution 4.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 3.

## **6.2 Listing Rule 7.1**

Refer to Section 4.2 for a summary of Listing Rule 7.1.

The issue of the Advisory Shares does not fall within any of the exceptions in Listing Rule 7.1 and exceeds the 15% Placement Capacity. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Advisory Shares without using any of the Company's 15% Placement Capacity. In addition, the issue of the Advisory Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Advisory Shares pursuant to Resolution 3. If the Company does not receive Shareholder approval for the issue of the Tranche 2 Placement Shares under Resolution 4, the issue of Advisory Shares will not proceed and the Company will instead pay SCP the fee in cash.

## **6.3 Specific information required by Listing Rule 7.3**

The following information must be provided to Shareholders for the purposes of obtaining Shareholder approval:

- (a) The Advisory Shares will be issued to SCP.
- (b) The maximum number of Advisory Shares that the Company may issue to SCP is 2,492,868 Advisory Shares, equal to 3% of the gross proceeds raised by the Company from RTME's subscription for the Tranche 1 Placement Shares.
- (c) The Advisory Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (d) The Advisory Shares will have a deemed issue price of \$0.486 per Share, valued at \$1,211,534.
- (e) The Advisory Shares will be issued five Business Days following the date of the Meeting, or at such other time agreed by the parties, but no later than three months following Shareholder approval.
- (f) The Advisory Shares will be issued for nil cash consideration. The Advisory Shares are proposed to be issued as part of the consideration for SCP providing financial advisory services to the Company relating to the Placement.
- (g) No funds will be raised from the issue of the Advisory Shares as they are being issued for nil cash consideration to SCP (and/or its nominee(s)).
- (h) The Advisory Shares will be issued pursuant to the engagement letter with SCP described in Section 6.1.
- (i) A voting exclusion statement is included in the Notice for Resolution 3.

## **6.4 Directors' recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 3.

---

## **7. Resolution 4 – Issue of Tranche 2 Placement Shares**

### **7.1 General**

Resolution 4 seeks Shareholder approval pursuant to and in accordance with Listing Rule 7.1 (and for all other purposes) to issue 439,918 Shares to RTME under the Tranche 2 Placement (**Tranche 2 Placement Shares**).

Refer to Section 3.1 further details of the Placement.

Resolution 4 is an ordinary resolution. Resolution 4 is subject to the approval of Resolution 3.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 4.

### **7.2 Listing Rule 7.1**

Refer to Section 4.2 for a summary of Listing Rule 7.1.

The issue of the Tranche 2 Placement Shares does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% Placement Capacity. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares without using any of the Company's 15% Placement Capacity. In addition, the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to issue any Advisory Shares approved in accordance with Resolution 3. If Shareholders do not approve the issue of the Tranche 2 Placement Shares and the Advisory Shares under Resolution 3, the Tranche 2 Placement will not proceed unless waived by written agreement between the Company and RTME.

### **7.3 Specific information required by Listing Rule 7.3**

The following information must be provided to Shareholders for the purposes of obtaining Shareholder approval:

- (a) The Tranche 2 Placement Shares will be issued to RTME (and/or its nominee).
- (b) The maximum number of Tranche 2 Placement Shares that the Company may issue to RTME (and/or its nominee) under Resolution 4 is 439,918 Shares.
- (c) The Tranche 2 Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (d) The Tranche 2 Placement Shares will have an issue price of \$0.486 per Share, raising approximately \$0.2 million (before costs).
- (j) The Tranche 2 Placement Shares will be issued five Business Days following the date of the Meeting, or at such other time agreed by the parties, but no later than three months following Shareholder approval.
- (e) Funds raised from the issue of the Tranche 2 Placement Shares will be used as detailed in Section 3.1.
- (f) The Tranche 2 Placement Shares will be issued pursuant to the Subscription Agreement. Refer to Section 3.1 for a summary of the Subscription Agreement.

(g) A voting exclusion statement is included in the Notice for Resolution 4.

#### **7.4 Directors' recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 4.

## Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars.

**10% Placement Capacity** has the meaning given in Section 5.2.

**15% Placement Capacity** has the meaning given in Section 4.2.

**Advisory Shares** has the meaning given in Section 6.1.

**ASX** means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**AWST** means Australian Western Standard Time.

**Board** means the Company's board of Directors.

**Business Day** means a business day as defined in the Listing Rules, provided that such day is not a day on which the banks in Perth, Western Australia are authorised or required to close.

**Chairperson** means the person appointed to chair the Meeting convened by the Notice.

**Company** or **Sovereign** means Sovereign Metals Limited ACN 120 833 427.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Equity Security** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum which forms part of the Notice.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means the notice of the Meeting and includes the agenda, Explanatory Memorandum and the Proxy Form.

**Option** means an option which entitles the holder to subscribe for a Share, on the terms and conditions in Schedule 2.

**Optionholder** means a holder of a Tranche 1 Placement Option.

**Placement** has the meaning given in Section 3.1.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in the Notice.

**RTME** means Rio Tinto Mining and Exploration Limited (UK Company Number 1305702).

**Schedule** means a schedule to this Explanatory Memorandum.

**SCP** means SCP Resource Finance L.P.

**Section** means a section of this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a registered holder of a Share.

**Subscription Agreement** means the agreement for the subscription for Shares and Options in the Company executed by the Company and RTME on 16 July 2023.

**Tranche 1 Placement** has the meaning given in Section 3.1.



**Tranche 1 Placement Options** has the meaning given in Section 4.1.

**Tranche 1 Placement Shares** has the meaning give in Section 4.1.

**Tranche 2 Placement** has the meaning given in Section 3.1.

**Tranche 2 Placement Shares** has the meaning give in Section 7.1.

## Schedule 2 –Terms and Conditions of Tranche 1 Placement Options

### Entitlement

Each Option entitles the Optionholder to subscribe for one (1) Share upon exercise (**Option Share**).

### Exercise price

Each Option is exercisable at \$0.535, payable in cash (**Exercise Price**).

### Exercise period

The Options are exercisable at any time prior to the date 12 months after their issue. If the Optionholder does not exercise the Options before the 12 month period has lapsed, the Options will automatically expire.

### Exercising the Subscription Options

- (a) The Options may be exercised by notice in writing to the Company (**Options Notice**) and payment of the Exercise Price for each Option being exercised.
- (b) Prior to exercising the Options, if the Optionholder requests, the Company shall confirm to the Optionholder if it is in possession of “excluded information” in respect of the Company (as defined in section 708A(7) of the *Corporations Act 2001* (Cth)) or “inside information” in respect of the Company (as defined in the *EU Market Abuse Regulation (EU) No 596/2014*) and, if the Company is in possession of such information, the Company and the Optionholder will enter into good faith discussions regarding the disclosure of such information or other arrangements to give effect to the exercise of the Options in accordance with applicable law.

### Minimum exercise

The Optionholder may only exercise the Options if it exercises at least 1,000 Options or all of its Options (if it holds less than 1,000 Options at the time).

### Rights and ranking

All Option Shares issued on exercise of the Options will:

- (a) be issued as fully paid;
- (b) be free of encumbrances; and
- (c) rank equally in all respects with the Shares on issue at that time.

### Quotation and admission to trading

The Options will not be quoted or listed for trading on any market.

### Timing of issue of Option Shares and quotation and admission to trading of Option Shares on exercise

Within 5 Business Days of the Options Notice being given in accordance with these terms and conditions and payment of the Exercise Price, the Company will:

- (a) allot and issue the Option Shares;
- (b) give ASX a cleansing statement or, if the Company is unable to meet the requirements of 708A(5), lodge a cleansing prospectus with ASIC;
- (c) apply for official quotation on ASX of the Option Shares; and
- (d) take all steps necessary to obtain the admission of the Option Shares to trading on AIM.

### **Participation in new issues**

The Options do not entitle the Optionholder to:

- (a) notice of, or to vote or attend at, a meeting of Shareholders;
- (b) receive any dividends declared by the Company; or
- (c) participate in any new issues of securities offered to shareholders during the term of the Options,

unless and until the Options are exercised and the Option Shares have been issued.

### **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

### **Adjustment for rights issue**

In respect of the Options, if the Company makes an issue of Shares pro rata to existing Shareholders, there will be an adjustment of the Exercise Price in accordance with the formula set out in ASX Listing Rule 6.22.2.

### **Adjustment for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholder will be varied to comply with the ASX Listing Rules that apply to the reconstruction at the time of the reconstruction.

### **Options non-transferable**

The Options are non-transferrable except:

- (a) to an affiliate of RTME; or
- (b) where the transfer does not require disclosure under Chapter 6D of the Corporations Act.

**SOVEREIGN METALS LIMITED**

ACN 120 833 427

**PROXY FORM**The Company Secretary  
Sovereign Metals Limited**By delivery:**Level 9, 28 The Esplanade  
PERTH WA 6000**By post:**PO Box Z5083  
PERTH WA 6831**By email:**

voting@sovereignmetals.com.au

**By facsimile:**

+61 8 9322 6558

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark  to indicate your directions. Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting. Further instructions are provided overleaf.

**Step 1 – Appoint a Proxy to Vote on Your Behalf**

I/we being Shareholder/s of the Company hereby appoint:

**The Chairperson**  
(mark box)**OR** if you are **NOT** appointing the Chairperson as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Meeting of Sovereign Metals Limited to be held at the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia on Wednesday, 23 August 2023 commencing at 10:00am (AWST) and at any adjournment or postponement of such meeting. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is [ ]% of the Shareholder's votes / [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

**Important – If the Chairperson is your proxy or is appointed your proxy by default**

The Chairperson intends to vote all available proxies in favour of all Resolutions. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to the Resolution, you will be expressly authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on the Resolution even if the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

**Step 2 – Instructions as to Voting on the Resolutions****INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS**

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Ratify Tranche 1 Placement Shares and Options issued under Listing Rule 7.1			
Resolution 2	Ratify Tranche 1 Placement Shares issued under Listing Rule 7.1A			
Resolution 3	Issue of Advisory Shares			
Resolution 4	Issue of Tranche 2 Placement Shares			

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf and your votes will not be counted in computing the required majority on a poll.

**The Chairperson intends to vote all available proxies in favour of each Resolution.****Authorised signature/s**This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Share Registry.

You must sign this form as follows in the spaces provided:

- Joint Holding: where the holding is in more than one name all of the holders must sign.
- Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
- Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or an electronic copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received electronically by e-mail or by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth, WA, 6000, or by post to PO Box Z5083, Perth, WA, 6831, or by email to [voting@sovereignmetals.com.au](mailto:voting@sovereignmetals.com.au) or by Facsimile (08) 9322 6558 if faxed from within Australia or +618 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (AWST).